FOREIGN AGRICULTURE

Kenaf in Thailand.

Drought Cuts Argentine Feedgrain Production

Mexico's Farm Output Up

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This week's cover:

A Thai worker stands among kenaf plants, traditionally important sources of soft fibers for the manufacture of twines, hessian, burlap, and carpetbacking. Problems abound in the important kenaf industry of Thailand, however, according to article on page 10.

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Drought Cuts Feedgrain Production In Argentina

By JAMES P. RUDBECK
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STYMIED by a very severe December drought, Argentine corn and grain sorghum crops are putting in their worst performances in recent years, further clouding what had begun as a potential record year for Argentine grains. And while a bumper wheat harvest is helping to compensate for these poor feedgrain crops, the country will definitely not have the large exportable supplies of grain needed to ease its balance of payments deficit.

This gloomy outlook contrasts sharply with the buoyant prospects at the beginning of the current season. Argentina's 1975/76 grain crop got off to such a good start, with wheat last November seemingly headed for a new high, that sources were predicting an alltime record grain harvest of 26 million metric tons. Grain exports, in turn, were expected to increase three-fourths over the relatively poor 1975 showing, thus helping to ease the country's growing balance-of-payments deficit.

In December, however, a building dry spell developed into a scorching drought, and as of late February Argentina's total 1975/76 grain harvest was estimated at only 20 million tons, nearly one-fourth less than the earlier forecasts. Consequently, 1976 exports are only likely to be in the range of 8-8.5 million tons, 5.5-6 million below the earlier forecasts but a slight improvement over 1975 exports of 7.9 million.

Farmers had been expected to show a preference for grains this season. Price and export market prospects for their major alternative, cattle and beef, were relatively poor, and the Government appeared willing to adjust grain prices periodically to offset, at least partially, skyrocketing local costs. (The inflation rate in 1975 was around 335 percent.)

Wheat sowing, which was to have begun in June, was delayed somewhat by excessive rain. This abundant moisture eventually favored crop development, and the 1975/76 wheat harvest, estimated at 8.0 million tons, is the largest in 10 years. Plantings increased 12 percent over the previous season, and the overall national yield jumped 11 percent.

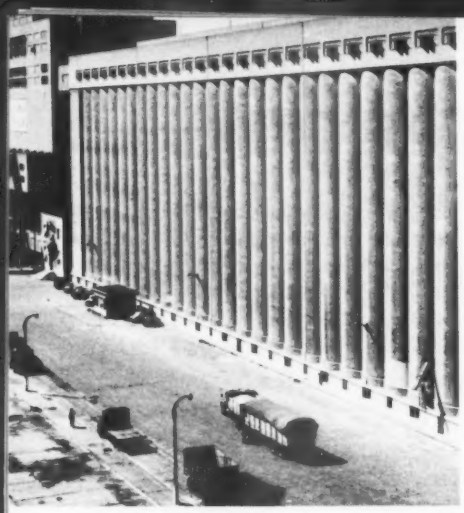
The rains that favored the wheat crop also resulted in an initial optimistic outlook for corn, but seeding had to be delayed somewhat in September and October because of unseasonably cool ground temperatures. In early November, the Secretariat of Agriculture reported that farmers' intentions were to increase corn plantings 4 percent over the previous year's. However, rainfall was below normal from late October through November, and in December, there was virtually no rain in the central corn zone.

This dry spell was accompanied by extreme heat and scorching winds at the critical pollination or tasselling stage (mid-December to mid-January). In the end, the corn fields dried up, producing sparse, if any, ears of corn. Losses to corn have been put at around 3-3.5 million tons for a crop that may be 60-70 percent of early-season expectations.

In February, the Secretariat issued its first estimate of actual plantings—3.7 million hectares (1 hectare=2.471 acres), or 5 percent less than in the previous year. The eventual 1976 corn harvest may be somewhere around 5.8 million tons. In contrast, 7.7 million tons were produced last season, when harvesting was plagued by excessive rains, while the previous two, more-or-less normal, crops totaled 9.9 million and 9.0 million tons, respectively.

THE EXTENDED dry spell that culminated with the scorching winds also halted grain sorghum plantings. But since this crop is planted somewhat later than corn, and on the fringes of the corn zone where the drought was not as severe, it was less affected than corn.

In early December, the Secretariat reported that farmers planned to boost sorghum plantings 11 percent this season over those of 1974/75, but these expectations may not be fully realized. Ample rains came in early January to permit the restarting of sowing. However, there were shortages of short-cycle seed, and late-sown grain sorghum runs



Above, a partial view of a terminal grain elevator—Puerto Necochea; and right, preparing a seedbed for planting grain crops in Argentina.

the risk of an early frost and early, potentially damaging, winter rains.

As of February, the official estimate of the sown sorghum area was 2.5 million hectares, 3 percent less than in the previous season. Private forecasts of the potential harvest vary considerably—from 3.0 million tons to 5.0 million. As of late February, a forecast of 4.5 million tons seemed reasonable, but this would be 25 percent less than the forecasts made before the drought struck.

Wheat generally escaped the effects of the December drought, since this crop was fairly developed by then; however, yields, particularly in the south, may have suffered as a result of the extreme heat.

Likewise, production of the other winter grains—barley, oats, and rye—was not appreciably retarded by the drought. Total production of these grains is estimated at 1.3 million tons, versus 1.1 million the previous season. However, these "other winter grains" are largely sown as winter pastures, with only 20-50 percent of the sown areas being harvested. Also, of the grain harvested, more will probably go for domestic feeding this year owing to the shortage of corn and grain sorghum.

The Argentine Government had been counting heavily on recuperation in grain exports this year to help solve its serious balance-of-payments problem. In 1975, the country ran a trade deficit of around $700 million, resulting in part from diminishing beef exports due to the virtual closure of the European Community to beef imports. Grain exports that year were valued at around $1.1 billion, versus $1.3 billion in 1974, and accounted for over one-third of the value of all exports ($3.1 billion).

If the initial forecast for 1976 grain exports had materialized, the total value of exports could have been around $1.5 billion, even assuming lower prices than in 1975. However, as of late February, it appeared that the value of 1976 grain exports might only be around $900 million, a loss of $600 million from the earlier forecasts.

Against a crop of 8.0 million tons, the exportable wheat surplus is estimated at 3.6 million tons, which will allow export volume to more than dou-

ARGENTINE GRAIN AREA (PLANTED), PRODUCTION, AND EXPORTS, CROP YEARS 1973/74 THROUGH 1975/76

Item [1]	Area planted			Production			Exports [2]		
	1973/74	1974/75	Estimated 1975/76	1973/74	1974/75	Forecast 1975/76	1973/74	Estimated 1974/75	Forecast 1975/76
	1,000 hect.	*1,000 hect.*	*1,000 hect.*	*1,000 m. tons*	*1,000 m. tons*	*1,000 m. tons*	*1,000 m. tons*	*1,000 m. tons*	*1,000 m. tons*
Winter grains:									
Wheat	4,252	5,183	5,827	6,560	5,970	8,000	1,494	1,715	3,600
Barley	1,037	949	1,003	732	430	594	102	21	100
Oats	1,154	1,201	1,273	561	327	433	225	38	100
Rye	2,515	2,370	2,424	613	306	280	109	4	5
Birdseed	50	49	42	34	25	35	31	7	30
Subtotal	9,008	9,752	10,569	8,500	7,058	9,342	1,961	1,785	3,835
Summer grains:									
Corn	4,134	3,871	3,705	9,900	7,700	5,800	5,400	3,500	2,000
Sorghum	3,114	2,601	2,525	5,900	4,830	4,500	2,838	2,500	2,500
Millet	272	278	285	229	200	200	63	90	80
Subtotal	7,520	6,750	6,515	16,029	12,730	10,500	8,301	6,090	4,580
Total	16,528	16,502	17,084	24,529	19,788	19,842	10,262	7,875	8,415

[1] Wheat and other summer grains are planted during April-July, harvested November-December, and the market year is December-November. Thus, 1975/76 refers to both crop year and marketing year. Corn and grain sorghum are planted August-December, harvested March-May, and the marketing year is April-March. Thus, crops planted and harvested in 1975/76 are marketed in 1976/77. [2] Since all indicated years are crop years, the export forecasts derived from 1975/76 corn and grain sorghum crops are for 1976/77 export.

Estimates of planted area and production are from the Secretariat of Agriculture except 1975/76 production forecasts, which are by the Office of the Agricultural Attaché. Export data are from the National Grain Board, except for 1974/75 summer grains, which are estimated by the Office of the Agricultural Attaché: All 1975/76 forecasts are also by the Office of the Agricultural Attaché.

ble that of the past several years. As of late February, the Grain Board had already committed around 3.1 million tons for export. Of this total, around 1.3 million tons had been sold to the international shippers, 530,000 had been committed to the large Argentine cooperatives who generally have sales agents in specific markets, 500,000 had been sold directly by the Grain Board under import tenders of other countries (Brazil and Chile), and 770,000 had been obligated under bilateral agreements with Venezuela, Peru, Paraguay, and Libya.

If the forthcoming corn harvest totals 5.8 million tons, the exportable surplus should be around 2 million tons. As of early January, the Grain Board withdrew from additional forward sales, with 1.7 million tons already on its books as committed for export. Of this total, 660,000 tons were sold to the international shippers or buyers, 800,000 were committed to the Argentine cooperatives, and 220,000 tons were obligated under bilateral agreements with Venezuela and Cuba.

If the corn crop is appreciably less than 6 million tons, and the exportable surplus less than 1.7 million tons, the Grain Board presumably could again ask the cooperatives to transfer some of their commitments over to the next crop, as was done this year. Or it could possibly substitute grain sorghum for some of its contracts as it also did this past year with Mexico.

As of late February, the Grain Board had export commitments for grain sorghum totaling around 1 million tons—100,000 tons to Venezuela under a bilateral agreement and nearly 900,000 with the international shippers. If production is 4.5 million tons, the exportable surplus could be up to 2.5 million, but the Grain Board could elect to sell increased quantities to local feed compounders in order to free more corn for export. If, hypothetically, sorghum exports did reach 2.5 million tons during the 1976/77 marketing year and corn exports were only 2 million, it would be the first time in Argentine history that exports of sorghum exceeded those of corn.

As of March 24, 1976, the military had assumed power in Argentina and indicated in its initial statements that the agricultural sector would receive top priority, with the grain trade and meat trade returned to the private sector.

Japan To Up Tobacco Area

THE Japan Tobacco Council (JTC) has authorized an increase in tobacco acreage for 1976. The move is the result of an anticipated slowdown in Japan's economic growth that would narrow opportunities for farmers to work part time in the winter, and because of apparent shifts from other crops to tobacco in an effort to maximize income.

What effect this acreage increase will have on 1976 tobacco imports is unknown at this time but if the historical pattern is followed, most shipments again will come from the United States.

A recently enacted cigarette price increase will also probably influence tobacco imports.

Planted area totaled 145,169 acres in 1975, 5.1 percent more than in the previous year but, at the recommendation of the Tobacco Production Deliberation Council, JTC has authorized a total 1976 area of 151,800 acres for all types of tobacco.

By variety, planted area in 1975 consisted of 84,869 acres of flue-cured tobacco, 42,874 acres of native, and 17,426 acres of burley, registering increases of 4.9, 4, and 9 percent, respectively, over year-earlier levels. The largest area increase was in burley, mostly grown in Tohoku where farmers had few winter nonfarm job opportunities.

The combined planted-area total in 1975 was 4.4 percent greater than the authorized figure and was the largest planted area since 1966.

Early season plant growth in 1975 lagged somewhat because of cold weather and insufficient soil moisture, but conditions improved in the later stages and tobacco grew well during hot and sunny periods. The weather, plus less insect damage, resulted in higher than average yields for all varieties of tobacco.

Production of 92,000 tons of flue-cured, 44,600 tons of native, and 20,600 tons of burley (a total of 157,200 tons) is indicated for 1975, compared with a total 1974 outturn of 151,399 tons. Because of the authorized area boost—which in all likelihood will be exceeded as more farmers seek to take advantage of Government incentive payments—1976's tobacco production will probably surpass that of 1975. Many will be farmers who have had little previous experience growing tobacco but whose output will help to swell the total.

In Japan's fiscal year 1974 (April 1974-March 1975), JTC imported 88,293 tons of all tobacco leaf, with the U.S. share amounting to about 54 percent. According to JTC, JFY 1975 imports (including those of cigar leaf) will approximate 90,000 tons, slightly below earlier estimates, with 60 percent coming from the United States.

U.S. shipments to Japan in JFY 1975 totaled 48,000 tons of flue-cured, 5,000 tons of burley, and 250 tons of cigar leaf. Total imports were: Flue-cured, 62,000 tons; burley, 15,000 tons, orientals, 12,300 tons; and cigar leaf, 700 tons.

Japan's manufactured tobacco sales during the first 8 months of calendar 1975 increased by 10.6 percent over the year-earlier level to 195 billion pieces for cigarettes and by 28.1 percent to 82,000 kilograms for pipe tobacco, but decreased by more than a third to 14 million pieces for cigars and cigarillos. Behind the larger than normal increase in cigarette sales lies a spate of consumer stock building in anticipation of a 48-percent price rise, which had been expected to become effective May 1, 1975. However, the bill was dropped from the last Diet session's agenda because of strong opposition but was reintroduced for consideration during the current session and passed in December, 1975.

—Based on report from *Office of U.S. Agricultural Attaché, Tokyo*

Oilseeds on Export List

Sunflowerseed oil, soybeans, soybean meal, and edible soy proteins have been made eligible for export financing under the Commodity Credit Corporation's export credit sales program.

Commodities previously eligible for export financing are barley, beef, and dairy breeding cattle, breeding swine, corn, cotton, cottonseed oil, dry edible beans and peas, eggs (dried, frozen and canned), grain sorghum, hog grease, nonfat dry milk, oats, peanut oil, poultry (canned and frozen), raisins, milled and brown rice, tallow, tobacco, wheat, and wheat flour.

Two reactions to coffee shortfall

Brazil Wants Coffee Rebound But Colombia Fears Surplus

By LESLIE C. HURT
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As BRAZIL's worst coffee shortfall in many years pushes coffee prices to alltime highs, speculation abounds over what the future of this important tropical crop will be. Will the current shortage and strong prices continue for some time? Or will the shortfall prompt overexpansion and another of the boom-bust cycles typical to coffee production?

Farmers and Government officials in the two major coffee-producing nations —Brazil and Colombia—have been pondering these questions.

In Brazil, producers have made good progress toward repairing damage done by last July's severe frost, putting in high-yielding, more closely planted seedlings that could bring major improvements in their industry. Assuming this fast comeback continues—and no frosts or other weather damage intervene to reduce output—Brazil could be producing a normal coffee crop of about 25 million bags by 1979/80.

Colombian Government officials, on the other hand, are continuing their coffee diversification program because they fear today's lucrative market will lead to a future surplus of coffee. Despite this effort, the currently booming prices—and lack of other uses for much of the nation's coffee land—may lead to increased production here also.

Meanwhile, Colombia will be temporarily vying with Brazil for first place in world coffee production—a previously unheard of situation. This prospect is seen for the 1976/77 coffee year (beginning Oct. 1, 1976), when Colombia's coffee crop may total about 9 million bags (60 kg each) and Brazil's, 9-10 million.

Whatever the outcome, world coffee supplies for the next 3 years will be tight but adequate. If Brazil escapes further frost damage, there could be some recovery or even buildup in world stocks beginning in 1979/80.

Brazil. This country's coffee setback—the main force behind today's soaring prices for coffee—came as a result of a brief but devastating frost last July in the important producing States of Paraná and São Paulo. That frost literally wiped out production in Paraná, normally producer of a third of the Brazilian crop. And together with drought in mid-1975, the frost cut production prospects in São Paulo State to a projected 3 million bags for 1976/77, or half of that produced in 1975/76. As a result, Brazil's total 1976/77 crop may be only about a third of forecasts prior to the frost and 60 percent under the relatively modest crop of 1975/76.

One exception to this bleak picture is the State of Minas Gerais, which was virtually untouched by the frost and expects an excellent crop in 1976/77. Indeed, Minas Gerais will probably be the leading producing State in 1976/77, with its output now expected to total around 4.5 million bags.

In all producing States, producer's, with Government assistance, are making a strong attempt to rehabilitate their coffee plantations.

The Government moved to aid the recovery soon after assessment of the frost damage had been made. On August 8, 1975, it announced a comprehensive emergency rehabilitation plan for the coffee sector, offering financing of up to CR$8.1 billion, or nearly US$1 billion. These loans were made available on easy terms for several activities related to coffee production, including:

- Pruning of damaged trees;
- Replanting with new seedlings;
- Planting of certain food crops between the rows to provide income for producers while they wait for coffee to come back;
- Establishment of coffee nurseries;
- Planting of 100 million coffee trees in new areas where frost is less likely; and
- Purchases of fertilizer, chemical inputs, machinery, and equipment.

So far, Brazilian producers have not fully utilized the loan program. Instead, many seem to be doing much of the rehabilitation work on their own, displaying an enthusiasm that could prompt faster recovery than had been anticipated.

These producers are applying more fertilizer and using better cultural methods in order to increase yields and take advantage of the high prices. They also have continued (through mid-April 1976) to make extensive uprootings of damaged coffee trees, with the possibility of such uprootings totaling over 400 million trees in Paraná and around 150 million in São Paulo.

Producers are using the resulting land for production of soybeans, wheat, corn, beans, rice, sugarcane, and other crops, with soybeans and wheat especially popular since a crop of each can often be produced from the same land in one year. Where frost damage occurred, other crops often have been interplanted among coffee trees—possible because of the wide spacing traditionally used.

Yet the producers do not seem likely to continue for long this stopgap production of other crops in view of the much higher prices now being received for coffee.

An April survey of the major coffee producing regions showed that the frost-damaged trees were making a remarkable recovery, whether or not the trees had been stumped. (Stumping usually permits faster recovery.)

In the States of Paraná and São Paulo, it will be several months before an accurate appraisal can be had of new plantings. Seedlings in the nurseries here were killed by the July 1975 frost, and it takes 6 months to develop new seedlings in the nurseries plus time to prepare for planting the new trees.

Such plantings, when finally made, will be of higher yielding varieties, with spacing much closer than in the past: instead of 1,000 trees to the hectare, 5,000 or even more may be planted. The newer varieties also come into production sooner than the old ones.

So great is the promise of better pro-

Continued on page 12

The author has just returned from a survey of the coffee situation in these two countries. In Brazil, he was accompanied by Leon Yallouz of the Office of U.S. Agricultural Attache, and in Colombia, by Alfred R. Persi, U.S. Agricultural Attache, Bogota.

Mexico Gains in Drive To Meet Its Food Needs

WHILE MOST of the economy was mired in recession, Mexico's agriculture last year scored a major breakthrough—its rate of growth surpassed that of population for the first time in a decade. Assuming good weather, a further gain appears in store for 1976, with consequent declines in the nation's agricultural imports.

The net advance in farm output last year was 4 percent, or modestly above the country's unusually high population growth rate of 3.5 percent a year. In contrast to previous drought years, including 1974 when farm output fell 0.7 percent, good weather contributed to strong increases in grains, oilseeds, and most other crops, while permitting above-normal retention of cattle on pastures.

Government policies aimed at providing more food domestically—and backed by some generous minimum prices—also favored food crops, but discouraged output of certain cash crops. Cotton, felt the lack of these incentives, as its output last year plummeted by over 60 percent. Sugarcane was another notable decliner.

On the trade side, 1975 was an off year for Mexico's agricultural imports and exports. As usual, both the United States and Mexico counted each other as leading agricultural suppliers, although this two-way trade was down from the high levels of 1974. That year, Mexico ranked as the 10th largest U.S. farm market. The United States, in turn, normally takes three-fourths of Mexico's farm exports, which account for 40 percent of total Mexican exports.

The country's imports from the United States last year were off 32 percent from the 1974 record to $587 million—still the second highest on record—mainly as a result of sharp declines in wheat, soybeans, and soybean oil. A further decline to $400 million is seen by Mexican sources for 1976, although this estimate may well turn out to be low.

Mexico's agricultural exports last year fell to about $800 million from $1 billion in 1974, with exports to the United States off to $509 million from $767 million. Sugar alone accounted for $200 million of the decline in sales to the United States as Mexico shifted some of its exports to higher priced markets in Europe while retaining additional amounts for home consumption. Sales of feeder cattle and beef in the United States also declined, from $100 million to $44 million, when market factors favored sales in Mexico. Fruit and vegetable exports to the United States sank to $192 million from $200 million in 1974, although prices were somewhat more favorable than in 1974.

On the other hand, coffee became Mexico's No. 1 farm export last year as volume rose 22 percent and value also climbed. Another good year is in prospect for coffee exports in 1975, in view of Mexico's high carryover stocks and the record prices that followed the Brazilian frost.

The country also is likely to see some improvement in exports of beef and horticultural products to the United States in 1976, while depressed world prices may keep sugar exports down and reduced supplies will curtail 1976 cotton exports.

Cotton. Low export returns, plus favorable minimum prices for competitive crops, caused large-scale abandonment of cotton in 1975/76, (August-July), with a consequent halving of planted area and a production decline to 875,000 bales. In 1974/75, by contrast, output totaled 2.2 million bales—well above the previous 4-year average of 1.6 million.

While it is still too early to get a good grasp on what the 1976/77 crop will total, traders expect production to range between 900,000 and 1 million bales. Prices for cotton have strengthened considerably over those of 1974/75, while support prices for most competing crops have remained stable or declined.

Based on these estimates, Mexico will probably have only about 300,000 bales of cotton available for export in 1976/77, compared with 600,000 in 1975/76.

Fats and oils. Sharp gains in soybean and safflower production, together with a large shortfall in cottonseed output, left Mexico with about the same amount of oilseed availabilities in 1975/76 as in the previous year—2 million tons. High support prices prompted a doubling of safflower production in 1975/76 to 550,000 tons and a 45 percent increase in soybeans to 600,000 tons. Among the other oilseed crops of note, copra output is estimated up 4 percent in 1975/76 to 145,000 tons and sesame is placed at last season's level of 120,000 tons. These gains were at the expense of cotton and cottonseed, however, with the latter off by more than half to about 320,000 tons.

Mexico's imports of oilseeds—mainly cottonseed—in 1975/76 are estimated down 19 percent from those of 1974/75 to 75,000 tons. However, 150,000 tons would seem a more realistic figure in view of the country's continued rapid population growth and increased emphasis on upgrading diets.

For the upcoming crops a slight increase in cotton area is expected to bring small gains in cottonseed output, while soybean production may decline to about half the 1975/16 level in response to short water supplies in the northwest. Little change is seen for safflower production, despite a decline in the minimum price, nor in copra and sesame.

Grain and feed. Last year saw improvement in Mexican production of grains and beans as a result of higher support prices for basic food crops, greater availability of credit, and more normal rainfall. Corn production, at about 9 million tons, was 13 percent above that of 1974 in response to a 400,000-hectare (1 ha=2.471 acres) gain in harvested area and generally better weather than in 1974. Wheat production totaled 2.7 million tons, compared with 2.4 million in 1974. Sorghum production is placed at 3.3 million tons, slightly above the 2.7 million produced in 1974; rice output gained 31 percent to 400,000 tons, milled basis; and bean output is estimated at 1.1 million tons, 18 percent above the frost-reduced outturn of 1974.

PRODUCTION of barley rose 20 percent to 360,000 tons in 1975, with larger plantings and improved yields accounting for the advance. The relatively minor oats crop soared 67 percent to 80,000 tons.

With favorable weather, most of the grain crops should show further growth in 1976.

Production of corn could go to 9.5 million tons if rainfall is sufficient to

sustain adequate ear growth—crucially important since 90 percent of the land seeded to corn is rainfed. The corn support price has been boosted another $12 to $152 per ton; this could prompt some switching to corn from other grains where support prices generally have not been increased over 1975's.

Wheat production is seen gaining by about 120,000 tons to 3 million in 1976 as a result of a boost in area, 90 percent of which is under irrigation. Although no change occurred in the support price, some producers shifted to wheat from chickpeas because of earlier prospects for reduced chickpea exports to Spain.

A 100,000-ton advance, to 3.4 million tons, is also forecast for sorghum production in 1976.

With supplies reportedly abundant and support prices off, bean production in 1976 will probably not increase over the 1975 level. Similarly, little change is seen for rice, barley, and oats crops.

As a result of the improved crops, Mexican imports of grain in 1975/76 will be off considerably from the record levels of 1974/75, when purchases reached 3.3 million tons with 2.8 million from the United States. Imports in 1975/76 are estimated at 2.5 million tons, and coarse grains will make up nearly 2.4 million tons of that total. Wheat purchases will probably total only 150,000 tons, compared with over 800,000 tons last year.

The United States is expected to supply about 1.7 million tons of the 1975/76 imports, including all the wheat, 1.2 million tons of the corn, and 250,000 tons of the grain sorghum.

Bean imports in 1975/76 are being limited to 4,000-5,000 tons.

Livestock and meat. Mexican cattle numbers continued to build throughout most of 1975 as a result of depressed prices in the United States—the major export market—and relatively favorable pasture conditions. Reflecting these conditions, only 37,000 head of cattle were exported during September 1974-August 1975 out of a Government quota of 672,000 head. Through December 1975, the export rate had quickened—with 94,471 head of the 553,000 head quota for 1975/76 already exported—in response to slightly better U.S. prices and the need to make room for the 1975 calf crop. Overstocked pastures remain a concern, however, especially in view of Mexico's tendency toward drought.

In June of last year, President Luis Echeverria approved a 5-year National Livestock Plan to bring expansion and genetic improvements in livestock and create a better balance between milk and meat output. (Mexico is a net importer of milk.)

Mexican exports of beef to the United States last year amounted to 30.8 million pounds, compared with the Mexican quota under the U.S. voluntary restraint program of 58.4 million. Shipments to the United States in 1976 are expected to reach 60 million pounds, or about the same as the quota, if U.S. prices are right.

About 72 percent of Mexico's beef export in 1975 was "maquila" beef produced from imported cattle. Mexican cattle imports totaled 115,000 head in 1975, compared with 37,000 in 1974.

"As usual, both the United States and Mexico counted each other as leading agricultural suppliers, although this two-way trade was down from the high levels of 1974."

Mexican hog numbers in 1975 were up about 3.5 percent to 12 million head, but domestic demand was still running ahead of hog slaughter. Consequently, the Mexican Government in mid-1975 denied export permits for pork.

Dairy and poultry. Mexico's fluid milk output last year reportedly rose 4.9 percent to 5.93 million tons. But the country continues to run a milk deficit and last year imported around 100,000 tons of nonfat dry milk, primarily from Australia. About 110,000 tons of nonfat dry milk are expected to be imported in 1976, with the hope of eventually eliminating this deficit.

Mexico also has been importing large numbers of dairy cattle, including 30,000 head from the United States in both 1974 and 1975. About the same level is seen for 1976.

Egg production rose 3 percent last year to 7.4 million. However, broiler output fell 8 percent to 215,000 tons, owing to increased competition from beef, higher feed costs, and lower broiler prices.

Sugar. Mexican centrifugal sugar production was 2,725,000 tons, raw basis, in 1974/75—4 percent under the 1973/74 record. The same level is forecast for 1975/76.

With domestic sugar consumption up 5 percent in 1974/75, Mexico is concerned about the production lag. The Government is also concerned about weak export sales—down from 486,000 tons in 1974 to 138,000 tons in 1975—especially since higher export prices have helped subsidize low domestic prices.

Tobacco. Mexico's 1975 tobacco crop is estimated at 51,000 tons from a harvested area of 39,000 hectares, compared with 67,000 tons from 29,000 hectares in 1974. A return to the 1974 level is foreseen for 1976.

Coffee. Production of coffee in 1975/76 is forecast at 4 million bags (of 60 kg), up 100,000 tons from 1974/75's as a result of improved cultural practices. Current record prices will boost export earnings considerably in 1976.

Fruit and vegetables. The National Union of Horticultural Producers has estimated the total value of Mexico's horticultural exports at $257 million in 1974/75, against $244 million to previous year. Total quantity, however, was down to 663,000 net tons, and Mexican producers have bemoaned their loss of comparative advantage in the United States. For instance, Mexican tomatoes in 1970 had a cost advantage of 32.5 percent, but Florida now has an advantage of 11.5 percent.

Among the major products, canned tomato output last year was up 31 percent to 216,000 tons, with exports reaching $157 million. Strawberry output fell slightly to 212 milion pounds and exports of fresh and frozen strawberries totaled 33 million and 101 million pounds, respectively. And pineapple output rose 8 percent to 262,000 tons, although processing declined as demand for the fresh product climbed.

While this season's outlook for many horticultural crops is good, strawberries are having an off year as a result of reduced plantings and, more importantly, three severe frosts in November, December, and late February. Thus, strawberry output in 1975/76 may not surpass 143 million pounds, and exports of frozen strawberries are seen dropping by half to around 51 million pounds.

—Based on dispatch from
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Yugoslav Imports Still High --Despite Farm Gains

YUGOSLAVIA's production deficiencies in some key agricultural commodities are likely to continue in 1976. Although the Government has set crop goals designed to end the need for imports of sugar and vegetable oils, it is unlikely that these goals will be met in the short run.

Moreover, the country is expected to continue indefinitely its reliance on imports for such products as soybean meal, livestock protein feed, cotton, wool, tallow, rice, hides and skins, citrus fruit, and tropical products.

Yugoslavia's trade deficit in the past 2 years has exceeded $3 billion annually. To close—or at least narrow—this gap, the Government plans to expand its export and tourist trade and to hold down the volume of imported goods.

The value of total Yugoslav imports for the first 10 months of 1975 was 2 percent greater than in the same period of 1974 ($6.3 billion, compared with $6.2 billion), while exports increased 6 percent ($3.3 billion, compared with $3.1 billion). The slower rate of increase in imports compared with the previous year was the result of some Government measures to improve the country's balance-of-trade situation.

Yugoslav agriculture's contribution to the country's overall trade was larger in 1975 than in 1974. In the first 10 months of 1975, the value of agricultural imports was $286 million, compared with total export value of $249 million—a 54 percent reduction in imports and a 5 percent increase in exports, compared with the year-earlier period.

The reduction in imports during the first 10 months of 1975 was a result of the good harvest of grains in 1974 and some restrictive measures imposed in 1975. Increased agricultural exports during January-October 1975 were mainly a result of increased exports of live animals, tobacco, pork, and dried prunes.

(Yugoslavia includes only primary agricultural commodities in reporting export and import trade in farm products. Processed commodities, such as oilseed meals, oils, and sugar are not included.)

The value of U.S. agricultural exports to Yugoslavia in 1975 was down 62 percent from that of 1974—$43.4 million. The reduction was caused by elimination of Yugoslav imports of wheat and soybean cake and meal in 1975. The main commodities imported in 1975 from the United States were crude soybean oil and hides and skins.

During 1975, Yugoslav exports of agricultural commodities to the United States were valued at $62.4 million, compared with $45.6 million in 1974. The main export items were canned pork, oriental tobacco leaf, hybrid corn seed, and hops.

By major commodity groups, the outlook for Yugoslav agricultural production and trade is as follows:

Tobacco: Yugoslavia's most important individual source of agricultural export earnings and provider of the largest increment to agricultural earnings of any single production category—tobacco—in 1975 was second only to exports of all live animals in its contribution to the country's agricultural balance of trade.

Production of oriental tobacco, the major export variety, was greater in 1975 than in 1974, and the Government also purchased stocks from harvests of other years. Exports of tobacco are likely to be greater in 1976 than in 1975. The 1975 tobacco harvest amounted to about 67,000 tons compared with the 1974 crop total of about 59,000 tons.

Foodgrain: Wheat sown in 1975 reportedly is in good condition. If favorable weather continues, a 1976 harvest of about 5.5 million metric tons can be expected.

Even though the 1975 wheat crop amounted to above 4.4 million tons (30 percent below the record 1974 level), statisically it should have been large enough to meet 1975/76 needs because of a good stocks position at the start of the year.

However, rain during the 1975 harvest not only reduced the size of the crop but also greatly reduced the quality. Consequently, a significant part of the crop was fit only for feed or for blending with higher quality wheat before consumption as food.

Feedgrain: About 2.4 million hectares probably will be planted to corn in the spring—the same area as in 1975. In 1975, Yugoslavia produced a record corn crop of 9.4 million tons, of which about 520,000 tons will be exported. However, since corn consumption is estimated at 8.2 million tons during the current marketing year, actual exports will depend on how much corn the Government is able to purchase for stock for the next marketing year. In turn, Government stocks depend upon domestic free-market prices of corn, which are still above world prices.

Sugarbeets and sugar: The 1975 price increase for sugarbeets did not produce any spectacular results. It proved to be insufficient to encourage producers to grow more sugarbeets because of the strong price competition of other crops, primarily wheat and corn. Unless the Government provides additional price incentives prior to spring planting, sugarbeet area probably will not change significantly from the 108,000 hectares harvested in 1975.

Refined sugar production from the 1975 sugarbeet crop is estimated at 464,000 tons. Total consumption of sugar during 1976 is estimated at 680,000 tons, which will be supplied from imports of about 160,000 tons and carryover stocks.

Oilseeds and products: The increase in minimum prices of sunflowerseed and soybeans in 1975 failed to expand area planted to these crops. Harvested area of sunflowerseed dropped by 3.5 percent and production by 8.4 percent. Sunflowerseed yields are estimated at a low 14 quintals per hectare, primarily because of virus disease. Harvested soybean area is estimated at 15,000 hectares in 1975, down 25 percent from the planned area.

Since the support prices of sunflowerseed and soybeans for 1976 are to remain at the same level as in 1975, area devoted to these crops in 1976 probably will remain near the 1975 levels.

Quality of the 1975 sunflowerseed crop was poor, and the extraction rate is estimated at 39 percent. Thus, oil production from this crop is placed at 100,000 tons.

The country's current requirements are estimated at 220,000 tons of edible oil. The difference will be covered in part through production of other oilseed crops, and the rest will have to be supplied from imports of vegetable oil

Abovè, left: On a Yugoslav kombinat, specialists examine a recently calved Holstein-Friesian heifer. Above: Yugoslav consumers anticipate a snack of kaymak, a cheese-like product made from milk solids. Left: Hops ready for harvest near Zalec. Some production gaps in Yugoslav farm output are likely to continue in 1976, necessitating selected imports.

or oilseeds for local crushing. Total imports of vegetable oils or seed equivalent during the 1975/76 crop year are estimated at 110,000-115,000 tons.

Hops: Total hop area in 1976 is expected to be the same as in 1975—about 4,000 hectares. Weather permitting, a crop of about 5,500 tons of hops is expected. Export availabilities are estimated at 3,900 tons in the 1975/76 marketing year, compared with 3,857 tons during the 1974/75 marketing year. The United States is the main buyer of Yugoslav hops.

Fruit: Numbers of bearing plum, apple, peach, and sour cherry trees probably will increase beyond the 1975 levels. Production will be largely dependent upon weather conditions during the pollination period. In 1975, Yugoslavia imported about 200,000 tons of citrus and tropical fruits—20,000 below the 1974 level.

The lower level of consumption was mainly the result of increased prices of these fruits on the domestic market. In 1976, imports of citrus and tropical fruit are expected to exceed 200,000 tons because of the shortage of other types of fruit.

Beef: Beef and veal production in 1975 is unofficially estimated at 345,000 tons—290,000 on beef and 55,000 of veal (carcass weight basis). In 1974, beef production amounted to 304,000 tons and that of veal 48,000 tons. The decline in combined beef and veal production is attributed to the changed slaughter structure, which favors lighter categories of cattle. The stagnation in 1975 production is in part related to export difficulties caused by the European Community's ban on imports of cattle, beef, and veal. Inflation and high production costs are other limiting factors.

Pork: As of January 15, 1976, hog numbers were estimated at 6.54 million head—15 percent fewer than a year earlier, a result of heavier slaughter and increased production of pork. Unofficially, 1975 pork production is estimated at 560,000 tons (carcass weight basis)—6.9 percent more than in the previous year.

Poultry: Production of poultry meat and eggs is about equal to domestic demand. Foreign trade in these items is insignificant. The growth rate of the industry is expected to slow during 1976, following its rapid advance in recent years. Main reasons are the shortage and high prices of protein and other ingredients of compounded feed.

Soybean meal: Imports of oilseed meals into Yugoslavia in 1975 totaled 150,000 tons—a decline of 45 percent from the level of 1974. The largest share of this amount is soybean meal. The rest is mostly peanut meal and smaller amounts of other oilseed meals.

Imports of oilseed meals in 1975 were reduced, mainly because of large purchases of oilseed meals in 1974. However, strong demand for protein feed is anticipated again in 1976 because of the reduced soybean meal stocks and strong domestic and foreign demand for pork.

Based on report from
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Thailand's Kenaf Production, Exports Fall as Prices Rise

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THAILAND's kenaf exports in 1974/75 were barely more than half the 1973/74 total as output fell and high prices prompted many foreign buyers to reduce their purchases of kenaf and substitute other materials. Thailand's 1974/75 production of kenaf also was off sharply, falling 30 percent to 400,000 metric tons. Reduced plantings and excessively wet weather contributed to the decline.

Production in 1975 is estimated down another 25 percent this year with the area sown to the 1975/76 crop shrinking 20 percent from the previous year's acreage and 40 percent from 1973/74 plantings. Despite the further production decline, some stabilization in prices could spur a slight export recovery in 1975/76, to 180,000 tons from the 150,000 tons sold last year.

Kenaf is one of the most important cash crops of the 15 northeastern provinces where poor soil conditions severely limit the choice of crops that will yield a living return. Thailand grows both kenaf and jute, which are similar in appearance. Both produce bast fiber for the manufacture of twines, hessian, burlap, and carpetbacking. Thailand leads the world in exports of raw kenaf, while Bangladesh is the leading exporter of jute.

One note of encouragement for Thailand's kenaf industry is a steady surge in domestic consumption. A rise in demand for gunny sacks caused a 5 percent increase in domestic usage in 1974/75, and another gain of about the same proportion is expected this year, as consumption reaches a projected 220,000 tons.

Domestic prices for kenaf increased in 1975, but not enough to dissuade many Thai farmers from switching to more profitable crops like corn and cassava. The average wholesale price for a 60-kilo bale of kenaf (grade A) for the first half of 1975 was $11.31, 15 percent higher than that for the same period of 1974.

Export prices for Thai kenaf registered a similar increase in 1975. The 1975 average price per metric ton of grade-A kenaf on the London market was $274 (c.i.f.), compared with $260 (c.i.f.) for 1974.

The rising price was the chief factor in the 48-percent falloff in Thai kenaf exports in 1974/75. The price of Thai kenaf jumped when forecasts early in the year indicated that world production of kenaf and jute would decline 30 percent in 1974/75. Because of the price increase, kenaf-importing countries limited their purchases to small amounts—just enough to satisfy immediate needs.

Hampered by the worldwide inflation and credit restrictions, European countries had attempted to purchase kenaf on advance contracts, for delivery later in the year. But these efforts failed since most Thai exporters did not want to risk signing long-term contracts—the instability of the kenaf situation made heavy losses a strong possibility.

One of Thailand's major setbacks was the failure of the People's Republic of China to place an order for Thai kenaf in 1974/75 after a 200,000-ton purchase had been discussed.

Transportation difficulties added to Thai export problems in 1974/75. Rising petroleum costs have reduced the number of ships that carry kenaf, particularly to Africa and Japan. As a result, Thai merchants have had trouble finding carriers to those destinations and have been reluctant to sign contracts for kenaf exports to African countries and Japan. Shipments to Japan, especially, have plunged in the past 2 years.

Thai exporters faced a further transportation problem in September 1975, when the conference shipping rate for kenaf from Bangkok to Europe was raised 18 percent. The Thai Jute Association managed, however, to contract a Greek firm operating outside that route's shipping conference at a rate only 5 percent above the old one. Under the present contract, Thailand is shipping kenaf to European destinations for about $40 per metric ton.

Pakistan and France were the largest buyers of Thai kenaf in 1974/75, followed by Indonesia, Poland, and South Africa. In 1973/74, Hong Kong, Japan, and Belgium were Thailand's leading markets for raw kenaf.

THAILAND's exports of gunny sacks and other kenaf products have also declined in 1975, and it is expected that they will continue to lag for some time. The tightening economy in Japan, normally a major importer of Thai kenaf products, has forced the Japanese to reduce their purchases sharply. Indonesia used to be a regular customer, but it is about to open its first gunny bag factory and so has reduced its orders for Thai bags.

Competition for world kenaf markets stiffened when India replaced its export duty on jute with an export subsidy. With Indian jute products available at lower prices than Thai kenaf products, Thailand's export markets shrank.

The upward trend in domestic consumption, however, provides the Thai kenaf industry with some reason for optimism. About half the kenaf products made in Thailand are gunny sacks for rice and sugar, and Thai production of both those commodities is expanding. As a result, the domestic demand for gunny sacks is on the rise. Several factories have increased their spinning

THAI KENAF SUPPLY AND DISTRIBUTION

Year	Area		Production	Domestic consumption	Exports[1]	Yearend stocks
	Planted	Harvested				
	Thous. acres	*Thous. acres*	*Thous. met. tons*	*Thous. met. tons*	*Thous. met. tons*	*Thous. met. tons*
1973/74	1,418	1,388	570	200	289	123.6
1974/75	1,000	933	400	210	150	163.6
1975/76[2]	800	680	300	220	180	63.6

[1] Includes kenaf, kenaf tow, kenaf cutting, kenaf waste, and jute (about 1 percent).
[2] Projected.

and weaving capacities and a new gunny sack factory was scheduled to open early in 1976, so output of kenaf products is projected to climb in 1975/76.

The rise in domestic consumption is expected to combine with a slight recovery in exports to draw down Thailand's kenaf stocks considerably in 1975/76. Carryover into 1973/74 was about 124,000 tons and that amount swelled to 164,000 tons in 1974/75 as exports plummeted. With the 25 percent drop in production predicted for 1975/76, however, rising exports and domestic usage should reduce yearend stocks to only about 64,000 tons.

Most of the kenaf produced in Thailand is low in quality, falling under grade C or lower. About 65 percent of each crop tends to be grade C, 20 percent grade B, and only 15 percent grade A.

Quality is poor because Thai farmers lack the facilities needed to improve production. Abundant supplies of fresh, running water are of utmost importance in producing high quality kenaf. The water is used for retting—the process of removing the kenaf fiber from the stalk.

The supply of modern retting tanks in Thailand is far from sufficient to meet the farmers' needs. As a result, many growers make do with whatever water they can find—in canals, marshes, waterholes, and highway ditches—for retting their kenaf.

The majority of Thai kenaf farmers lack proper understanding of both the retting process and grade classification. Kenaf is normally marketed at production sites without regard to quality.

The buyers offer no price differential for various grades of kenaf—all grades are mixed and sold as a unit. Farmers have no incentives to improve the quality of their kenaf, or to separate the better grades for a higher price.

Though the quality of Thai kenaf has improved in recent years, the grade-mixing and generally low quality of kenaf exports have created the impression among foreign buyers that all Thai kenaf is substandard. In an effort to improve quality, Thailand's National Economics and Social Development Board is now subsidizing construction of water tanks for kenaf retting.

In addition, some kenaf producers are benefiting from an experimental project launched in 1975 by the Thai Jute Association in cooperation with the Thai Government. The project provides kenaf producers with production loans while encouraging them to form farmer groups to sell their product directly to the gunny sack factories or to the Thai Warehouse Organization.

Top, Thai women decorticate kenaf, separating the fiber from the inner core. Above, drying the kenaf fiber before grading and baling.

Under this project a minimum farm price for kenaf was established at 2.5 baht (about 12 cents) per kilogram for grade A. Since the project is experimental, however, it covers only a limited number of Thailand's kenaf farmers.

Though Thailand is presently a major exporter of gunny sacks, until its first factory was built in 1952 it had to import sacks to package upland crops and other goods. Thailand's first gunny sack factories were constructed by the Government to satisfy domestic demand, but by 1959 Thailand was producing enough to begin selling them abroad. Export volume was minimal at first; then between 1963 and 1973 shipments shot from 135,000 sacks to nearly 50 million, the highest total to date.

Thailand is now looking toward the developing countries in South America, Africa, and Asia—particularly the People's Republic of China, North Korea, and Burma—as potentially major markets for Thai kenaf. Thailand will have to rely on the new markets to replace much of the business it has lost with Europe and Japan, where kenaf product plants have curtailed production or closed entirely because of labor disputes, rising production costs, and pressure from antipollution forces.

Some of the developing countries, on the other hand, are establishing gunny sack factories for packing their expanding output of agricultural products. Those countries will probably plant kenaf to provide raw material for the factories, but self-sufficiency would take some time to achieve. Meanwhile, Thailand will attempt to fulfill their short-term needs for raw kenaf.

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Reactions to Coffee Shortfall

Continued from page 5

duction with newer varieties, especially of the Catuai variety, that some producers are still uprooting trees that are recovering well from the frost in order to put in seedlings with better yield prospects.

While the States of Paraná and São Paulo rehabilitate their coffee, Minas Gerais has emerged as a major producing area. This State, in fact, will account for about half of Brazil's 1976/77 crop of perhaps 9.5 million bags. Approximately one-fourth of the trees in that State (estimated at 310 million) have been planted since the 1975 frost, and well over half have been planted since 1969. Minas Gerais does not have the threat of frost that the other two major coffee areas have and will substantially increase production in the future.

Colombia. The Government of Colombia, with its more cautious view of coffee's future prospects, is maintaining its coffee diversification program, and not promoting expansion. However, much of Colombia's coffee is grown on steep mountain slopes, leaving little leeway for diversification. The limited amount of land that can be shifted to other crops is generally confined to old wornout coffee plantings in the lowlands; where land is being shifted to cocoa and other crops.

Thus, even while the Government advocates no increase in area, chances are that production expansion will occur. Increased prices have already resulted in the use of more fertilizer and better cultural practices. And favorable weather so far promises a rebound of perhaps 11 percent in 1976/77 production from the reduced 1975/76 crop of 8.1 million bags. That year, excessive rains held down output, whereas the trees now look to be in good condition for a bumper 1976/77 harvest.

Some further increases could be brought by the ongoing shift to higher yielding coffee varieties. These varieties are expected to account for 30 percent of Colombia's coffee plantings in a few years compared with 20-25 percent currently.

As in Brazil the new varieties can be planted much closer together. For instance, the Caturra —most popular of the new varieties—can be planted at about 8,000 trees per hectare, compared with the usual 1,000 trees. The producers generally only get financing for 1,000 trees per hectare, however.

Rising returns to growers, have encouraged this increased production in both Brazil and Colombia. In Brazil, while coffee prices have gone up, the "contribution quota" or export tax has remained the same since the frost ($29.00 per bag). In Colombia, the Government increased the grower's price by 39 percent at the end of July 1975 and by another 9 percent at the end of March 1976.

Both countries are going to be drawing down their stocks from current levels. During the 1975/76 year, Colombia expects to export 7.5 million bags and will probably reduce stocks by 1 million bags. Brazil may have little change in stocks during 1975/76 but will sharply reduce its carryover during 1976/77 and 1977/78. Its exports in 1976/77 are tentatively estimated at 13 million bags, compared with 14.5 million in 1975/76.

Brazil's reduction, however, will probably be cushioned by an arrangement with Angola, reported at the end of March, for the importation of perhaps 500,000 to 800,000 bags of coffee. This coffee, of the Robusta variety, will be used in the manufacture of soluble coffee, possibly for export as well as domestic consumption, thereby freeing some Arabica for export.

The remarkable recovery from the frost damage in Brazil, coupled with the good prospects for Colombian coffee production, puts a somewhat brighter light on the world coffee situation, despite the reduced crops for the next 3 years.

As always, weather will be the critical factor behind the ultimate production outcome, with its importance enhanced further by the high susceptibility of new plantings to low temperatures.

Corrections. March 22, "U.K. Farm Outlook: 'Guarded Optimism,'" page 7, first column, lines 36 and 37 should read ". . . 650,000 tons, compared with 656,000 tons . . ." "Argentina's Farm Prospects," page 12, first column, lines 32 and 33 should read " . . . $8.7 million, 10 percent less . . ."

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